

# Let IRAs Sit, Stay or Roll Over!

If you are one of many Americans aged 55 and over that has made some significant savings for retirement, it's possible that much of your wealth has been generated through traditional individual retirement accounts IRAs. IRAs can be a great tax deferred savings vehicle, but they can also be a tax trap. Many people find themselves in retirement having sufficient income for their needs but being required to make withdrawals from these tax deferred accounts and pay income tax on the distributions.

If you would like to avoid the tax on some of these distributions and help Ark-Valley Humane Society provide care for pets in need, an IRA charitable rollover may be the answer.

The IRA charitable rollover provision allows a tax free transfer directly from taxpayers IRAs to qualified charities without income tax consequences. Because IRA rollovers to charity reduce the balance on the IRA, they may reduce required minimum distributions in future years. These rollovers are also not counted towards the maximum amount deductible for those who itemize their giving on their taxes.

How the IRA charitable rollover works:

- You must be at least 70 years old at the time of the gift.
- Funds can only roll over from individual retirement accounts (IRAs). Section 401(k) plans, section 403B plans, and other tax deferred retirement plans do not qualify.
- Each taxpayer may utilize the IRA charitable rollover by transferring up to \$100,000 per year per tax year. Thus, a married couple could transfer as much as \$200,000 under this provision.



- A taxpayer may not withdraw funds from an IRA and then give the money to charity. Distributions must be made directly to Ark-Valley Humane Society from the IRA by the IRA administrator and not be directed through the account owner.
- The funds distributed from the IRA to Ark-Valley Humane Society will not count as income for the Donor, but it will count toward the donors annual required minimum distribution. The Donor will receive no income tax deduction.
- IRA rollovers especially benefit the 86% of Americans who do not itemize deductions and therefore do not receive a tax benefit for the charitable contribution.

For IRA rollover gifts to Ark-Valley Humane Society, please contact your financial advisor or attorney first before making a donation.

Additionally, please contact Nikki Ritter, executive director at Ark-Valley Humane Society, for further assistance. (719) 395-2737

